

Sterlite Technologies Limited

**Q2 & H1FY16 – Earnings call
26 October 2015**

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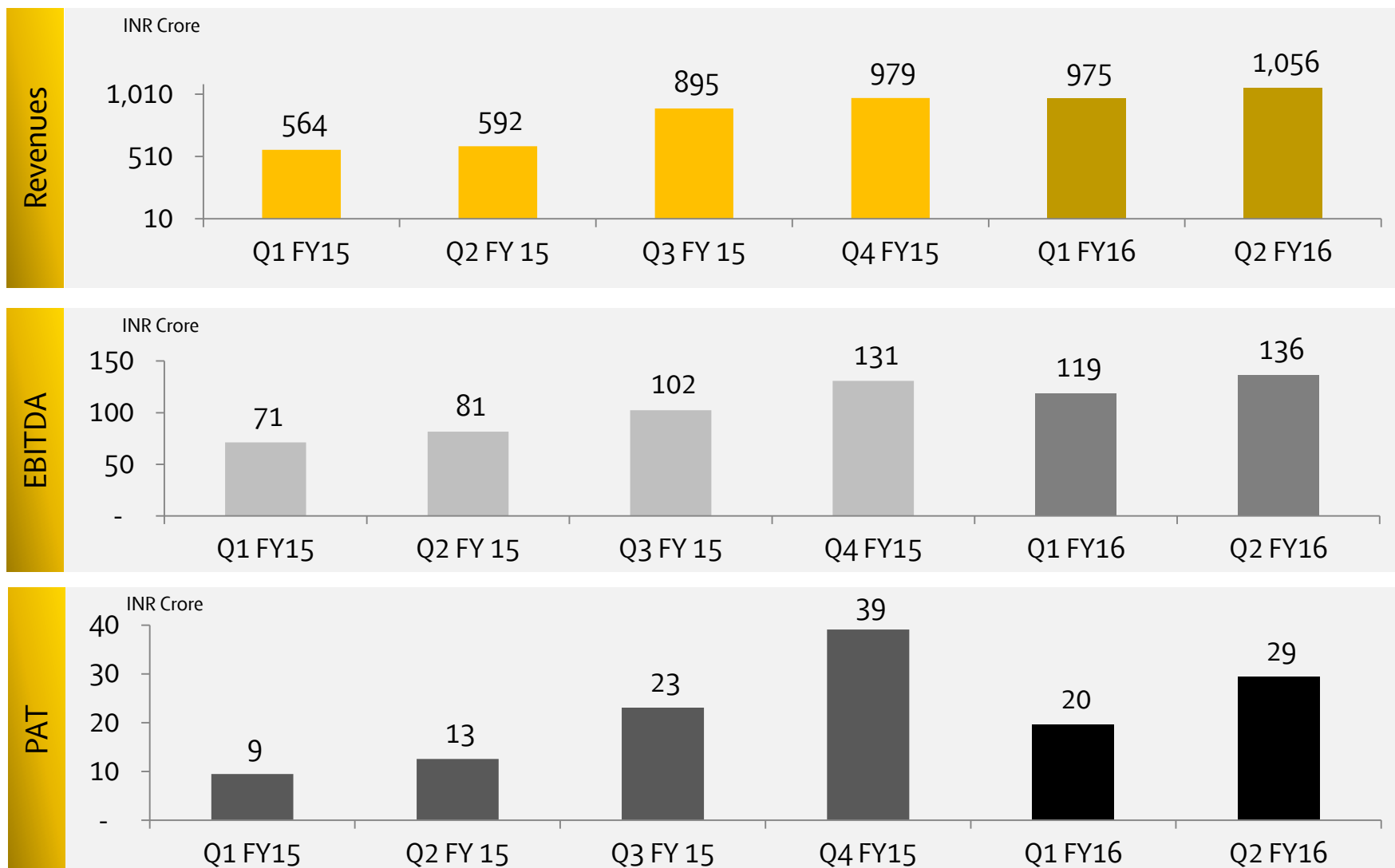
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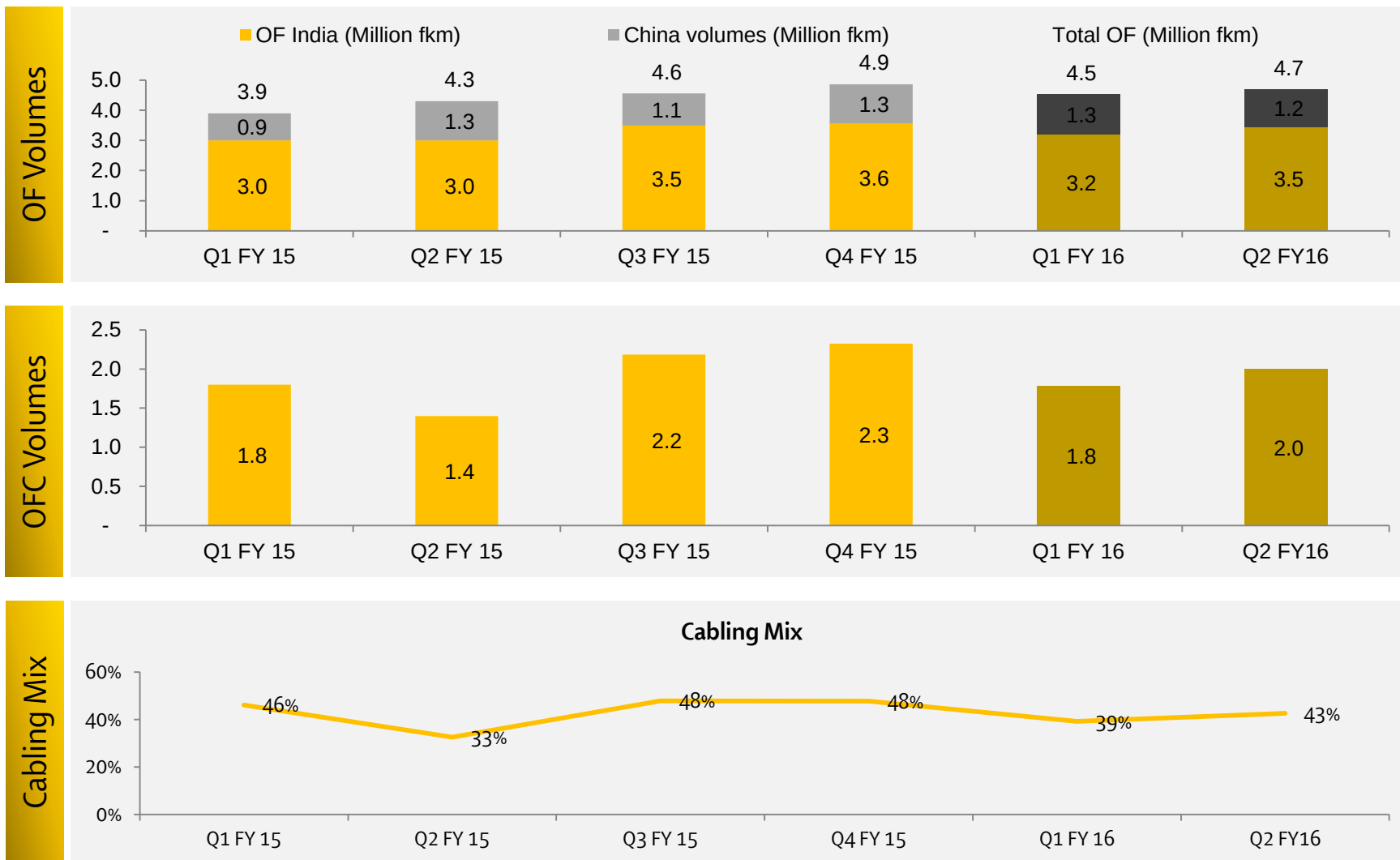
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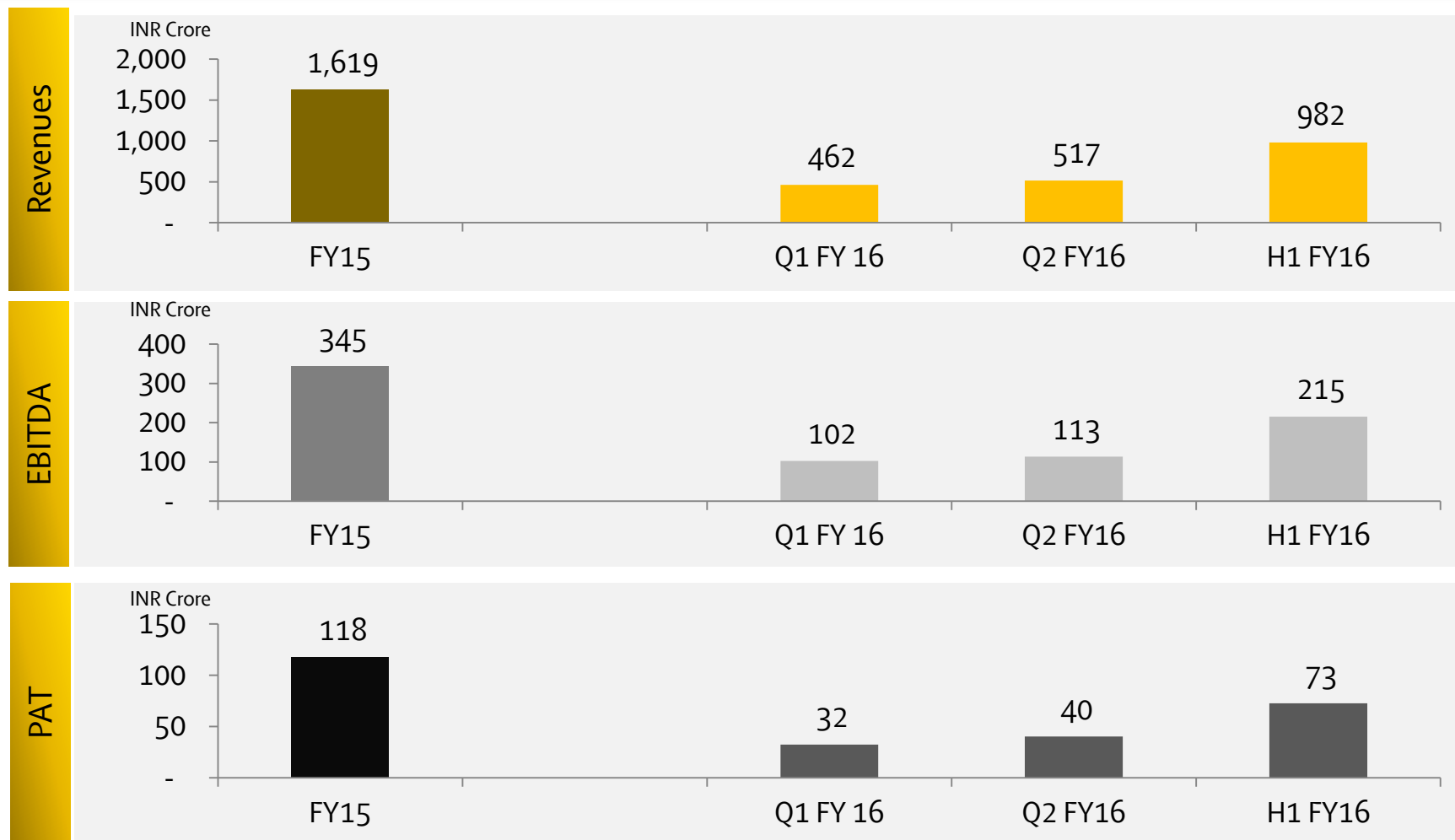
Quarterly standalone financials



Volume analysis for the Telecom business



Financial Performance of the Telecom business

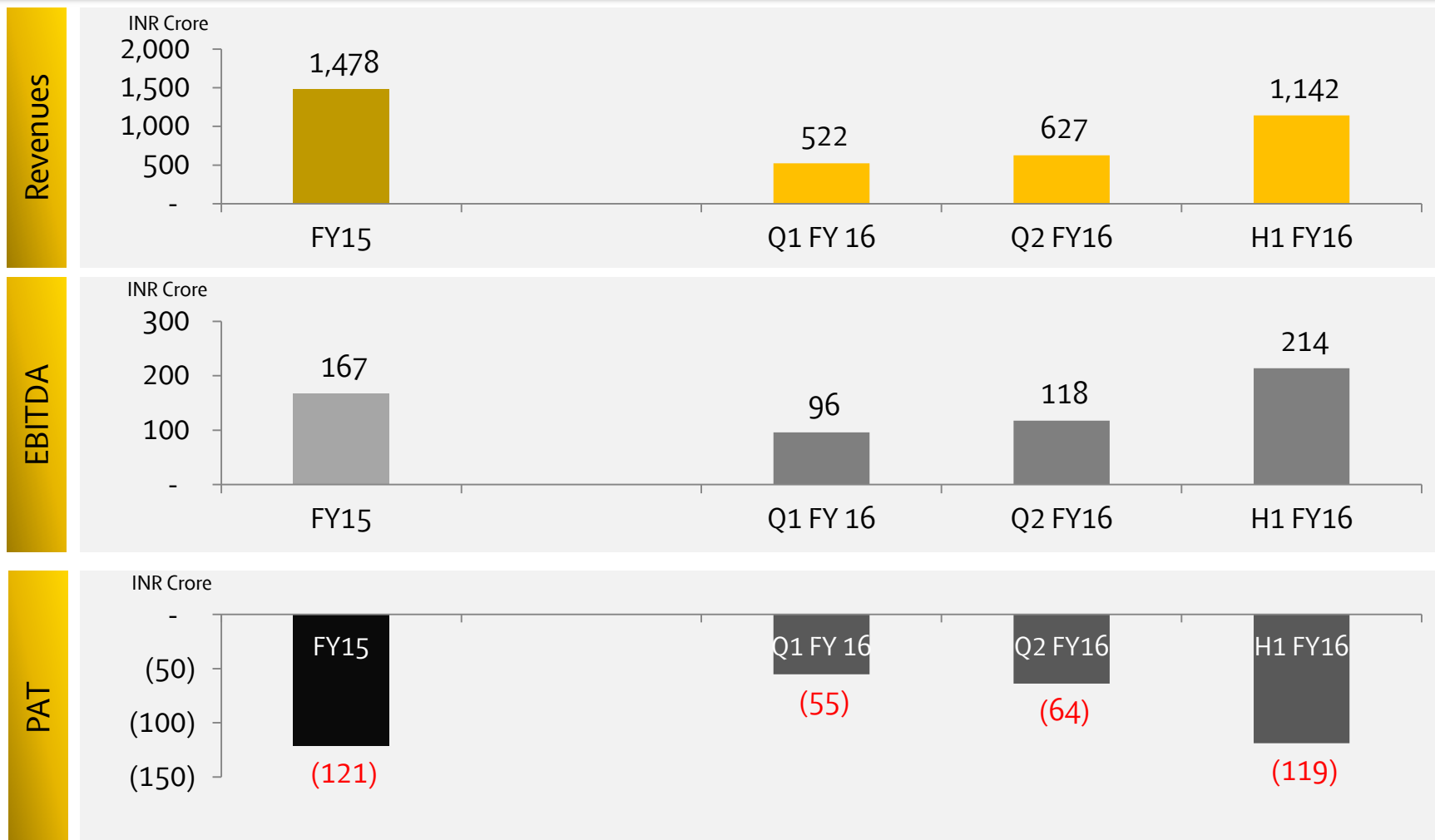


NOTE: The performance is based on the consolidated numbers for the telecom business. This includes performance of our China and Brazil JV and other telecom related subsidiaries. It does not include performance of Elitecore which was acquired on 30th September

Operating highlights for the Telecom business

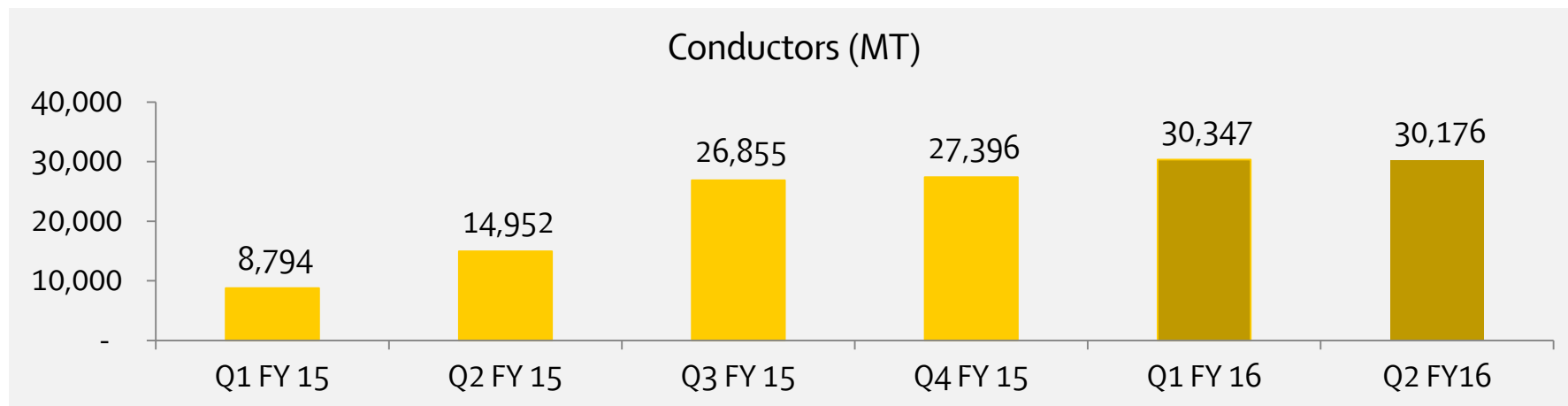
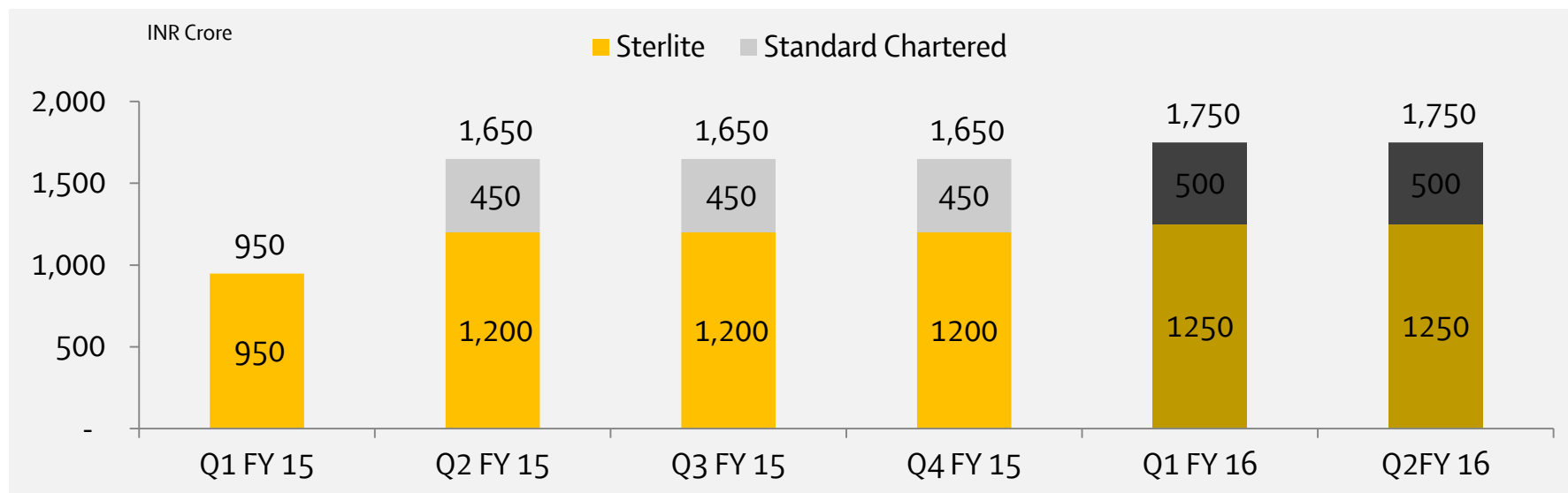
- Mix between domestic revenues and exports was at 26% for the business, main export markets were China and Europe
- Revenues for the quarter from the NFS order were at Rs 78 crore and for the half year was at Rs163 crores against Rs 69 crore for the full year in FY 15
- Previously announced optical fiber cable capacity expansion from 8m fkm to 15m fkm continues to progress well and we expect to complete the expansion during Q4 FY16.
- On the optical fiber capacity front we have commenced certain de-bottlenecking initiatives and improvements in process to result in a 10% increase in capacity to 22m fkm by the end of this financial year
- Acquisition of Elitecore Technologies has been completed, adding distinctive capabilities in the telecom software solutions space and further reinforces Sterlite Technologies unique position as a leading solutions provider for telecom and communication service providers
- Telecom order book stands at Rs 2009 crore, of which services and supply of products as part of the NFS order was at around Rs 1900 crore and should be executed by the end of 2016
- The telecom products business continues to win new customers globally and has recently been selected to help a global operator expand its network across 50 Towns and over 500,000 buildings in Ireland

Financial performance of the Power business



NOTE: The performance is based on the consolidated numbers for the power business. This includes performance of the power products division and power transmission grid subsidiary

Product volumes and level of investment in the Power business



Proforma financials for Telecom and Power

Consolidated	FY 2014-15 (Carved out)		
	Tel	Power	Total
Revenue	1,619	1,478	3,097
EBIDTA	345	167	512
<i>EBITDA Margin</i>	21%	11%	17%
Depreciation	96	89	185
Interest	75	252	327
Cash Profit	270	(84)	185
Tax	55	(52)	4
PAT	118	(121)	(4)
EPS (Diluted)	2.92	(3.01)	(0.09)
Balance Sheet as on Mar 31, 2015			
Net Worth	600	469	1,069
Borrowing	674	4,207	4,882
Minority Investment in Grid Business	-	450	450
Total	1,275	5,126	6,401
Fixed Assets	984	5,264	6,248
Fund Involvement	290	(138)	153

Consolidated	H1 FY 2016 (Carved Out)		
	Tel	Power	Total
Revenue	982	1,142	2,124
EBIDTA	215	214	429
<i>EBITDA Margin</i>	22%	19%	20%
Depreciation	55	86	140
Interest	50	252	302
Cash Profit	166	(38)	128
Tax	38	(5)	34
PAT	73	(119)	(46)
EPS (Diluted) (Not annualized)	1.81	(2.95)	(1.15)
Balance Sheet as on Sep 30, 2015			
Net Worth	671	350	1,021
Borrowing	924	5,141	6,065
Minority Investment in Grid Business		500	500
Total	1,595	5,991	7,585
Fixed Assets	1,079	5,905	6,985
Fund Involvement	515	85	601

- Overall net debt for the telecom business has moved from Rs 674 crore to Rs 924 crore as the cash on hand has reduced on account of acquisition of Elitecore Technologies
- The ROCE for the telecom business is at 21 % as the company continues to build out its service capabilities without making significant investments in capital intensive capacities
- ICRA has recently awarded a rating of AA- for STL's long term and A1+ for STL's short term debt

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Additional financial information – Standalone financials

	Q2 FY 16	Q1 FY 16	Q2 FY 15	6M FY 16	6M FY 15	FY 15
Sales	1,056	975	592	2,031	1,156	3,030
EBITDA	136	119	81	256	153	386
EBITDA %	13%	12%	14%	13%	13%	13%
Depreciation	31	29	27	60	54	108
EBIT	105	91	54	196	99	278
EBIT %	10%	9%	9%	10%	9%	9%
Interest	66	62	42	128	72	179
PBT	39	29	12	68	27	99
Tax	10	8	(1)	18	5	15
Effective tax rate	25%	29%	na	27%	17%	15%
PAT	29	20	13	50	22	84
PAT %	3%	2%	2%	2%	2%	3%

Additional financial information – Standalone financials

Telecom Standalone (INR Cr)	Q2 FY 16	Q1 FY 16	Q2 FY 15	6M FY 16	6M FY 15	FY 15
Sales	478	424	287	902	608	1,487
EBITDA	112	101	76	213	145	345
EBITDA %	23%	24%	26%	24%	24%	23%
Depreciation	22	19	18	41	38	76
EBIT	90	82	57	172	108	269
EBIT %	19%	19%	20%	19%	18%	18%
Capital employed	1,539	1,283	1,063	1,539	1,063	1,179
ROCE %	23%	25%	22%	22%	20%	23%

Power Standalone (INR Cr)	Q2 FY 16	Q1 FY 16	Q2 FY 15	6M FY 16	6M FY 15	FY 15
Sales	562	537	287	1,099	516	1,473
EBITDA	25	19	6	43	7	41
EBITDA %	4%	3%	2%	4%	1%	3%
Depreciation	9	9	9	19	16	32
EBIT	15	9	(3)	24	(9)	9
EBIT %	3%	2%	-1%	2%	-2%	1%
Capital employed	471	415	497	471	497	323
ROCE %	13%	9%	-3%	10%	-4%	3%

Additional financial information – Consolidated financials

Particulars	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
	Quarter ended		Half year ended		Year ended	
	Sep 15 (Unaudited)	Sep 15 (Unaudited / Unreviewed)	Sep 15 (Unaudited)	Sep 15 (Unaudited / Unreviewed)	Mar 15 (Audited)	Mar 15 (Audited)
Income from Operations						
a) Net Revenue	104,054	112,308	200,146	209,380	296,023	302,709
b) Other Operating Income	1,561	1,574	2,969	2,982	6,987	6,997
Total Income from operations (Net)	105,615	113,882	203,115	212,362	303,010	309,706
Total Expenditure	95,432	98,878	184,288	184,630	279,661	282,139
a) Cost of materials consumed	71,469	67,780	138,165	125,636	194,464	181,176
b) Purchase of stock-in-trade	447	447	1,258	1,258	4,292	4,292
c) (Inc) / Dec in finished goods, stock-in-trade & WIP	(3,458)	(3,527)	(5,739)	(5,576)	(3,469)	(3,097)
d) Staff Cost	4,848	6,165	8,649	10,737	15,095	17,594
e) Depreciation & Impairment	3,086	7,535	5,962	14,006	10,774	18,498
f) Other Expenditure	19,040	20,478	35,993	38,569	58,505	63,676
Operating profit before other income, interest and tax	10,183	15,004	18,827	27,732	23,349	27,567
Other Income	366	565	781	1,179	4,481	5,134
Profit before interest and tax	10,549	15,569	19,608	28,911	27,830	32,701
Interest Cost	6,605	16,283	12,802	30,156	17,928	32,690
Profit / (loss) before tax	3,944	(714)	6,806	(1,245)	9,902	11
Tax Expenses	1,005	759	1,839	1,355	1,478	369
Net Profit /(loss) after tax	2,939	(1,473)	4,967	(2,600)	8,424	(358)
Adjustment for Minority Interest	-	81	-	87	-	(94)
Net Profit / (loss) after Tax & Minority Interest	2,939	(1,554)	4,967	(2,687)	8,424	(264)

Additional information pertaining to consolidated financial performance of the group for the quarter and half year ended September 30,2015 is not audited or reviewed by the Auditors

Additional financial information – Consolidated financials

Segment Reporting	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
	Quarter ended		Half year ended		Year ended	
	Sep 15 (Unaudited)	Sep 15 (Unaudited / Unreviewed)	Sep 15 (Unaudited)	Sep 15 (Unaudited / Unreviewed)	Mar 15 (Audited)	Mar 15 (Audited)
Segment Revenue						
Telecom Product and Solutions	47,846	51,064	90,246	96,408	148,726	157,643
Power Product and Solutions	56,208	56,208	109,900	109,900	147,297	147,297
Power Transmission Grid		10,896		19,649		15,387
Inter-segment elimination		(5,860)		(16,577)		(17,618)
Total	104,055	112,308	200,146	209,380	296,023	302,709
Profit before interest,depreciation and tax						
Telecom Product and Solutions	11,170	11,337	21,254	21,553	34,518	34,515
Power Product and Solutions	2,465	1,748	4,316	3,152	4,086	3,519
Power Transmission Grid		10,021		18,219		13,195
Unallocable		(2)		(7)		(30)
Total	13,635	23,104	25,570	42,917	38,604	51,199
Profit before Interest and Tax						
Telecom Product and Solutions	9,016	8,583	17,172	16,313	26,906	24,898
Power Product and Solutions	1,533	834	2,436	1,291	924	380
Power Transmission Grid		6,159		11,326		7,478
Unallocable		(7)		(19)		(55)
Total	10,548	15,569	19,608	28,911	27,830	32,701
Net Interest Cost	6,605	16,283	12,802	30,156	17,928	32,690
Profit / (loss) before tax	3,944	(714)	6,807	(1,245)	9,902	11
Capital Employed (Segment Assets- Segment Liabilities)						
Telecom Product and Solutions	153,871	163,520	153,871	163,520	117,939	129,668
Power Product and Solutions	47,122	45,471	47,122	45,471	32,272	34,238
Power Transmission Grid		557,447		557,447		491,171
Unallocable	126,093	31,235	126,093	31,235	143,328	28,454
Total	327,085	797,673	327,085	797,673	293,539	683,531

Additional information pertaining to consolidated financial performance of the group for the quarter and half year ended September 30,2015 is not audited or reviewed by the Auditors